

Enhancing KEES: Policy Revisions and the Advancement of
Kentucky's Low-Income and Minority Students

Prepared by:

Rana Johnson
Associate for Equal Educational Opportunities
Kentucky Council on Postsecondary Education
Frankfort, Kentucky

Rana.johnson@ky.gov
(502) 573-1555

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Background

The idea of a state sponsored merit-based, or non-need based scholarship, gained notoriety with the Georgia Hope scholarship in 1993. The goal of the program was to enable Georgia residents to further their education, as well as provide incentives to retain the best and brightest in the state. Georgians earning a “B” average or better in high school were guaranteed free tuition and fees in a public college, if they maintained a “B” average. In fall of 2000, 75,098 students became recipients of Georgia’s HOPE (Helping Outstanding Students Educationally) Scholarship, earning \$225.8 million from lottery funds to enroll in postsecondary education. Over time, the initial legislation that provided a breakdown of the proceeds—51 percent of lottery revenues returned to players in winnings, 7 percent to cover administrative costs, 7 percent allocated for advertising and in-store promotion, and the remaining 35 percent allotted to education— would undergo a significant change. Education expenditures that were once divided among four educational programs—HOPE, universal pre-kindergarten programs, technology, and buildings and infrastructure— would eventually diminish to zero in the three areas outside of HOPE, because of the unpredictable growth in merit-based awards.

While Georgia’s HOPE has been touted for its accomplishments—retaining more of the best performing students in the state, enabling public institutions to admit more students with better grades and test scores, and increasing the overall number of students in college. The scholarship has also been criticized. HOPE has purportedly led to grade inflation, introduced problems retaining award recipients after their freshman year, as well as shifted the focus on funding higher education for affluent students while deemphasizing funding for low-income and minority students. HOPE has created a set of issues that administrators, legislatures, and educational officials have been struggling to address.

Since HOPE was created, 14 additional states have implemented similar merit-based scholarship programs. Most states award grants to students with limited, or no consideration of their socio-economic status. The appearance presented in the majority of the programs is that merit-based awards subsidize college costs of middle and upper-income students. Some researchers argued that merit-based scholarships are not benefiting the students they were originally created to serve (Creech, 1998; Krueger, 2001). The awards typically provide funding to students that are most likely to enroll in and succeed in postsecondary education, instead of students that are most deficient in financial assistance and academic support.

The Kentucky Educational Excellence Scholarship

In 1998, five years after Georgia’s HOPE Scholarship was developed, the Kentucky legislature created a similar program to provide grants to high school graduates to assist with college expenses at public and private institutions in Kentucky (Senate Bill 21). The amount and eligibility of the merit based award is determined exclusively by

achievement, based upon a student's high school GPA (164.7879 (1)). A companion award, the ACT supplemental award, was also enacted. The supplemental award is based upon the student's ACT college entrance exam score (164.7879 (3) (a)). Originally, the merit, as well as the supplemental award, appeared reputable—both were allegedly established to encourage and supply aid to all students. According to a report written by the Kentucky Legislative Research Commission, *A Study of the Kentucky Educational Excellence Scholarship Program*, researchers maintained:

The KEES program was developed with the intent of ensuring access to Kentucky's public and postsecondary education institutions. The nation's first statewide merit-based program, the HOPE scholarship program in Georgia, guaranteed every student with at least a "B" average a full-tuition scholarship to a Georgia public postsecondary institution. In contrast, the Kentucky design was predicated on a graduated award based on student achievement. The goal of the graduated structure is to encourage high school students of all abilities to work to achieve larger awards for college. Therefore, students with less than a "B" average are eligible for partial awards.

The KEES merit-award, while modeled after HOPE, identified a slightly different concept to offer assistance to students across the commonwealth. The design of KEES allowed more flexibility from students of various abilities, socio-economic backgrounds, and races to draw from resources they earned as a result of maintaining at least a 2.5 GPA while in high school, in addition to scoring at least a 15 on the ACT. Overall, the variability of KEES increased access for students that would otherwise not have considered college as a viable option.

Policy Considerations

The fundamental purpose of KEES is to increase human capital in Kentucky. Because society depends on an educated and skilled citizenry, KEES is considered the path to fulfilling this purpose. The challenge is, how does the commonwealth strengthen the KEES policy to make it more merit-based, connect it with a more rigorous college curriculum to encourage students, ensure that all students have the ability to strive for academic excellence, and reward them for doing so?

During the past several months, discussions between a multi-agency workgroup- the Council on Postsecondary Education, Kentucky Department of Education, and Kentucky Higher Education Assistance Authority, focused on modifying the original KEES policy. Several primary concerns were raised to support the need for improvements: 1.) continual payment of merit awards and the fiscal impact it will have on the state, 2.) poor college preparation and the message sent to students and parents that they are properly prepared for college, when in fact they are not, and, 3.) loss of first-time freshmen to out-of-state institutions. As the KEES workgroup began a series of meetings, administrators felt compelled to address the fundamental issues

listed above, in addition to others, that center on student achievement and the financial impact of KEES.

While the original program provides incentives for students to pursue postsecondary education, there is no mandate in place to ensure that all students are exposed to a similar structured (rigorous) and academically challenging curriculum that reflects the expectation that they will be prepared to successfully complete postsecondary level work. The present structure and implementation of the KEES curriculum is not uniform across the commonwealth; policy makers believe that students are currently awarded KEES funds for enrolling in low-level, non-challenging courses and maintaining a minimum 2.50 GPA. The workgroup believes that all students must enroll in academically stimulating and rigorous courses to prepare for college and university level work, as well as to obtain skills required to successfully enter the workforce.

One policy position being advocated is that amendments to the KEES policy must permit all students access to a single rigorous curriculum. Another policy position is that if changes are made and implemented to the original policy, without consideration of the unique issues of low-income and minority students, funds previously allotted to those earning between 15 -18 on the ACT could potentially be reallocated to higher achieving students known as Jeff Green Scholars (those earning a 4.0 GPA each year of high school, along with a 28 or higher on the ACT). One result of this policy could be that the disenfranchised (those scoring in the range of 15-18 on the ACT) students could be impacted the greatest, as emphasis is placed on raising standards. The suggested changes in policy challenge the original objective of KEES and could potentially further promote inequities in the educational gap that Kentucky is attempting to narrow. The workgroup has focused its efforts on making KEES more merit based without connecting a companion policy to improve Kentucky's K-12 educational system through implementing a single rigorous curriculum, increasing teacher quality and school accountability. Because postsecondary education is vital to the future of all minority and low-income students, policymakers must connect the policies and establish alternatives to provide access and opportunity to those that could benefit the most.

Merit Based vs. Need Based Aid

Wealthy students' exposure and preparation for postsecondary education takes place over an extended period of time, while poor students' social and economic circumstances often limit both their exposure and preparation. Because researchers believe that family income is closely associated with student achievement, students from affluent families will almost always be at an advantage, while the students who are in greatest need of financial support are frequently overlooked. Advocates for underrepresented minority groups contend that merit and need based aid awards are necessary for a large segment of students in Kentucky. Until merit-based programs were created, many states reserved their limited aid budgets for financially needy students; today only five populous states have committed to need-based financial aid

(Selingo, 2001). Kentucky is unique in that the state extends the benefits of postsecondary education to merit and need based awards. However, many low income and minority students must still locate alternative sources to fund their education, although Kentucky reserved limited aid budgets for financially needy students. College participation depends on the conditions within the state, including college participation and family income (Longanecker, 2002). Also, research shows that socioeconomic status, home location, gender, ethnicity and high school achievement also affect college participation rates (Farrell, 2003). The question policymakers must ask is: what is Kentucky's commitment to need-based aid? Recently, broad-based merit scholarships have thrust need-based programs aside; some believe that merit aid has been disproportionately distributed to children of affluent families. Research shows that the majority of the students that qualify for and receive merit awards would enroll in colleges and universities regardless of awards like KEES and HOPE.

Overall, proceeds of the KY lottery may enable students to earn KEES, however, if they don't receive an equally rigorous education prior to earning the reward, the challenge to be successful in college remains. The point that, "awards will ultimately prove to be worthless for students scoring below a certain level on the ACT," is raised by some as a reason to focus on merit. Therefore, policies that support access to postsecondary education must be linked to enable students of various academic abilities, as well as socioeconomic backgrounds, to benefit from higher education, in order to increase human and social capital across the commonwealth.

KEES Policy Considerations

To address the issues mentioned above, members of the workgroup focused on the following areas:

- Creating a rigorous curriculum to prepare students for postsecondary education;
- Developing minimum high school graduation requirements to meet postsecondary and skilled workplace expectations;
- Awarding an additional \$1,500 to Jeff Green Scholars;
- Raising the ACT supplementary award threshold from 15 to 18, 20, or 22;
- Creating a standardized grading scale for KEES awards calculation;
- Calculating KEES awards by GPA for KEES courses annually, allowing the KEES curriculum to be taken by middle school students (but awarded in high school);
- Allocating extra weight for dual credit courses taken in the pre-college curriculum.

The Impact on Minority and Low-Income Groups

Equal access to education is the only tool we have for making things fair (Heller, xii). Because all students in Kentucky were once expected to meet a fairly modest standard of achievement to qualify for KEES, a large number of students have benefited since 1998 when the program was first enacted. The proposed policy changes, as identified by the workgroup, could jeopardize many students' ability to qualify for KEES funding. While revisions to the KEES policy may enhance the reward for achievement and student preparation for postsecondary education, modifications to the policy could eliminate awards for an entire segment of the population—the majority of whom are academically and economically challenged students. Differing perspectives have been presented regarding the impact that raising the standards for receiving KEES money may have on this particular group. A Legislative Research Commission report notes that some argue that providing incentives to students who are not high-achieving encourages them to consider college as a possibility and to increase their academic effort to attain that goal, and sends the wrong message. Tightening eligibility requirements can be expected to mean that fewer low-income and minority students would receive KEES assistance, but the downside is that it could create an additional financial barrier to college access (LRC, vii). Countless students could be adversely impacted if they lose access to KEES, particularly first-generation college-going students, as well as those from low-socioeconomic regions in the state. And finally, the LRC report highlighted the following implications of reducing the KEES award:

Lowering KEES awards for students in college might undermine some of the goals of the KEES program. One of the goals of any merit-based financial aid program is to motivate students to increase their academic effort in order to receive a greater level of support. A decrease to the amount of funds students receive from the amount they were led to expect is likely to undermine the credibility of the program, limiting effectiveness to spur additional academic effort by current high school students (LRC, 15).

Graph: Percent Distribution of ACT by Race

Preliminary data provided in Attachment A highlights a significant number of minority students that would be disproportionately impacted if the ACT score is changed (eliminating students who score below 18) for the supplemental award, in particular, three minority groups—African American, Hispanic, and Native Americans—would be stripped of funds they presently qualify to receive. If a policy position to raise the bar to qualify for the KEES supplemental award is eventually implemented, there should also be a connecting policy that develops a separate pool of funding to assist the disenfranchised students to successfully access and complete college level coursework that will enable them to complete and graduate from postsecondary institutions across the commonwealth.

The workgroup is continuing its work to develop policy positions that will eventually be shared with the general public for consideration and implementation. The CEO, in its

oversight role for implementing the statewide policy for equal opportunity and access, is asked to consider the policy implications and offer suggestions to the Council and to the multi-agency workgroup.

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